

Message Text

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FOR THE SECRETARY, GENERAL SCOWCROFT AND SONNENFELDT ONLY

E.O. 11652: GDS

TAGS: OVIP (FORD, GERALD F) YO

SUBJECT: THE PRESIDENT'S VISIT: TOPICS TITO MIGHT RAISE

FOLLOWING CONSTITUTES MY APPRAISAL OF THE MAJOR BILATERAL AND OTHER ISSUES THAT PRESIDENT TITO MIGHT WISH TO DISCUSS WITH PRESIDENT FORD AND SECRETARY KISSINGER.

A. BILATERAL ISSUES:

(1) MILITARY SALES. THE YUGOSLAV MILITARY HAS BEEN ANXIOUS FOR SOME TIME TO PURCHASE SOPHISTICATED MILITARY EQUIPMENT FROM THE PENTAGON. ALTHOUGH THEY HAVE GOTTEN A GREAT DEAL OF EQUIPMENT RECENTLY FROM THE SOVIETS, THAT MAKES THEM ALL THE MORE ANXIOUS TO BALANCE THEIR POSITION BY PURCHASING FROM THE US. WE HAVE PROMISED COOPERATION IN GENERAL TERMS BUT PROCRASTINATED, OBFUSCATED AND AGONIZED OVER THE ISSUE. THIS HAS RESULTED IN A GOOD DEAL OF SUSPICION ON THE YUGOSLAV PART AS TO WHETHER WE ARE SINCERE ABOUT OUR EXPRESSIONS OF SUPPORT FOR THEIR INDEPENDENCE. IN MY VIEW, WHETHER OR NOT PRESIDENT TITO RAISES THE ISSUE, PRESIDENT FORD SHOULD BE PREPARED TO INDICATE A DEFINITE CONCRETE POSITION ON THE ISSUE WITH SOME SPECIFICS.

I STRONGLY RECOMMEND, FOR REASONS WHICH I DISCUSS BELOW, THAT WE AGREE TO SELL THE GOY ANY EQUIPMENT WHICH, AFTER VIET-NAM, WE KNOW THE SOVIETS HAVE ACCESS TO. I SAY THIS NOT BECAUSE I

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BELIEVE THE GOY WOULD PASS CLASSIFIED INFORMATION TO THE

SOVIETS BUT BECAUSE THAT POLICY AVOIDS THE DISCLOSURE ISSUE.

(2) ECONOMIC RELATIONS, TRADE AND INVESTMENT. AS I HAVE PREVIOUSLY REPORTED, THE GOY IS DEEPLY CONCERNED ABOUT THE DOWNTURN OF THEIR EXPORTS TO THE COMMON MARKET WHICH THEY REGARD AS THE MAJOR CAUSE OF THEIR WORSENING BALANCE OF PAYMENTS. THEY ARE HOPEFUL THAT TRADE WITH THE US WHICH IS IN ROUGH EQUILIBRIUM WILL GROW RAPIDLY TO HELP FILL THE GAP, BUT I BELIEVE THEY ARE IN THE MIDST OF A REAPPRAISAL WHICH COULD LEAD TO EXPANDED ECONOMIC RELATIOS WITH EASTERN EUROPE. THIS COULD HAVE UNFORTUNATE POLITICAL IMPLICATIONS. (SEE BELGRADE 3236 (STADIS), STATE 160419). FURTHERMORE, THEY ARE QUITE ANXIOUS ABOUT TALK IN SOME WESTERN BANKING CIRCLES (PRIMARILY IN EUROPE) OF POST-TITO YUGOSLAV INSTABILITY THAT COULD DETER WESTERN INVESTMENT AND FINANCING. THE PRESIDENT SHOULD MAKE CLEAR THAT WE HAVE NO CONCERNS ABOUT FUTURE YUGOSLAV STABILITY.

(3) ACTIVITIES OF YUGOSLAV EMIGRES IN THE US. FEW PEOPLE IN YUGOSLAVIA REALLY UNDERSTAND OUR CONSTITUTIONAL SYSTEM AND THEY ARE CONVINCED THAT IF WE WISHED WE COULD ELIMINATE ANY VIOLENT THREAT TO YUGOSLAV DIPLOMATS IN THE US BY SIMPLY "ROUNDING UP" ALL SUSPECTED ANTI-COMMUNIST EMIGRES. UNDERLYING THIS MATTER IS THEIR APPREHENSION THAT WE ARE TOYING WITH THE IDEA OF SUPPORTING THOSE EMIGRE GROUPS FOR THE PURPOSE OF SPLITTING OFF INTO THE WESTERN CAMP CERTAIN OF THE REPUBLICS IN A POST-TITO ERA. THEREFORE WE CANNOT EMPHASIZE ENOUGH OUR SUPPORT FOR YUGOSLAV TERRITORIAL INTEGRITY.

B. OTHER ISSUES:

(1) PORTUGAL. AS I HAVE REPORTED SEVERAL TIMES, TITO SEEMS TO BE CONVINCED THAT PORTUGAL IS HEADED FOR A CIVIL WAR AND THAT WE WILL INTERVENE IN SOME FASHION (I AM INCLINED TO THINK THAT HE IS PROJECTING WHAT HE WOULD DO IF HE WERE RUNNING THE USG). A PORTUGUESE CIVIL WAR FRIGHTENS TITO AND HIS COLLEAGUES ENORMOUSLY FOR THE FOLLOWING REASONS. DEPENDING ON THE US ROLE, IT COULD BE PERCEIVED AS A WESTERN COUNTERPART TO THE SOVIET INVASION OF CZECHOSLOVAKIA WHICH THE SOVIETS MIGHT CLAIM RATIFIES THE BREZHNEV DOCTRINE. THIS, OF COURSE,

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PRESENTS OMINOUS IMPLICATIONS FOR YUGOSLAVIA. SECONDLY, GOY NON-ALIGNED POLICY HAS TENDED TO OBLITERATE THE DIFFERENCES BETWEEN COMMUNIST, SOCIALIST AND INDEED EVEN SOCIAL DEMOCRATIC PARTIES. THEREFORE, A SHARP CONFLICT IN PORTUGAL BETWEEN THE SOCIALIST AND OTHER DEMOCRATIC FORCES ON ONE SIDE AND THE COMMUNISTS AND OTHER NON-DEMOCRATIC FORCES ON THE OTHER PRESENTS SEVERE IDEOLOGICAL AND PRACTICAL PROBLEMS TO GOY. THEY HAVE BEEN INCLINED TO SUPPORT THE SEGMENTS

WITHIN THE ARMED FORCES MOVEMENT MOST SYMPATHETIC TO THE GOY NON-ALIGNED POSITION AND THEY HAVE OPPOSED CUNHAL AS A MOSCOW STOOGE AND EXPRESSED CONCERN OVER THE SOVIET SUPPORT HE IS RECEIVING.

(2) MIDDLE EAST. THE GOY POSITION ON THE MIDDLE EAST IS WELL KNOWN. THE PROPOSED EXPULSION OF ISRAEL FROM THE UN PRESENTS THEM WITH A DIFFICULT CHOICE. I THINK THEY REALIZE WE ARE NOT BLUFFING AS TO THE CONSEQUENCE OF SUCH ACTION. SEVERAL SENIOR OFFICIALS WITH WHOM I HAVE SPOKEN ARE AWARE OF A GROWING DISENCHANTMENT WITH THE UN IN INFLUENTIAL CIRCLES IN THE US AND REALIZE THAT A US WITHDRAWAL FROM THE GENERAL ASSEMBLY (PROMPTED BY A CONGRESSIONAL CUT-OFF IN FUNDS) WOULD SIGNIFICANTLY DIMINISH THE IMPORTANCE OF THE UN AND WOULD THEREBY ALSO DIMINISH THE INFLUENCE OF THE NON-ALIGNED NATIONS.

(3) NEW WORLD ECONOMIC ORDER. THE GOY POSITION ON INTERNATIONAL ECONOMIC ISSUES IS, OF COURSE, A DERIVATIVE OF THEIR NON-ALIGNED POLICY. SOME SENIOR OFFICIALS RECOGNIZE TENSION BETWEEN THAT POLICY AND THEIR DOMESTIC ECONOMIC NEEDS (DESPITE THEIR TRADE SORTIES INTO THE DEVELOPING WORLD, THEIR ECONOMY WILL ALWAYS BE TIED TO EUROPE). THE POLICY ALSO DRAWS SUPPORT FROM THEIR DOMESTIC EFFORTS TO DIMINISH THE GAP BETWEEN LESS DEVELOPED AND MORE DEVELOPED PARTS OF YUGOSLAVIA. ESSENTIALLY THEY WANT US AND OTHER DEVELOPED COUNTRIES TO ACCEPT A RESPONSIBILITY FOR WORLD REDISTRIBUTION OF INCOME AND RESOURCES AS AN ANALOGY TO THE RESPONSIBILITY WHICH DEVELOPED COUNTRIES ACCEPT WITH RESPECT TO THEIR OWN NATIONAL REDISTRIBUTION POLICIES. MY RECOMMENDATION IS THAT THE PRESIDENT AND THE SECRETARY BE FORTHRIGHT IN EXPLAINING TO PRESIDENT TITO THAT WE DO NOT ACCEPT THE ANALOGY AND ALTHOUGH, AS THE SECRETARY HAS SAID IN VARIOUS SPEECHES, WE ARE WILLING TO SUPPORT PRACTICAL

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SOLUTIONS TO SUCH ISSUES AS THE WORLD FOOD SUPPLY AND LIMITED EFFORTS TO STABILIZE EXPORT EARNINGS, WE ARE NOT ABOUT TO TURN OVER THE KEYS TO FORT KNOX. I SAY THIS BECAUSE A NUMBER OF OFFICIALS IN GOY HAVE THE ILLUSION THAT USG WILL BE GRADUALLY BROUGHT AROUND TO A SELF-FLAGELLATING MASSIVE REDISTRIBUTION POLICY.

C. CONCLUSION: FROM THE POINT OF VIEW OF AN ADMITTEDLY SHORT-TIME OBSERVER OF YUGOSLAVIA, THERE IS AN ESSENTIAL DILEMMA WITH RESPECT TO US POLICY TOWARD YUGOSLAVIA. NO MATTER WHAT ELSE THE GOY DOES IN INTERNATIONAL FORA, IT IS FUNDAMENTALLY IN OUR INTEREST TO SUPPORT THEIR INDEPENDENCE VIS-A-VIS THE SOVIET UNION BY PROVIDING MILITARY EQUIPMENT AND STRENGTHENING BILATERAL ECONOMIC RELATIONS BETWEEN OURSELVES AND YUGOSLAVIA. ON THE OTHER HAND WE SHOULD NOT

COMMUNICATE THAT POLICY AND LOSE ALL LEVERAGE ON MULTI-
LATERAL ISSUES SO A CERTAIN AMOUNT OF BLUFF IS APPROPRIATE;
BUT IN THE PROCESS WE SHOULD NOT DECEIVE OURSELVES.
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